

Wednesday 10th August 2016

Salmat completes remaining 50% acquisition of MicroSourcing International for US\$24.1 million

Salmat Limited (ASX:SLM) today announced the acquisition of the remaining 50% of MicroSourcing International, a Philippines-based outsourced services business, for US\$24.1 million, to be paid in a combination of cash and Salmat shares.

This completes the transaction that commenced with the acquisition of an initial 50% share and full management control in February 2014.

“We are very pleased to finalise the acquisition of the remaining 50% of MicroSourcing, which has proved to be a valuable addition to the Salmat business,” said Salmat CEO Craig Dower.

“MicroSourcing has expanded Salmat’s capabilities and scale in the Philippines and its operations have shown continued growth year on year,” he said.

MicroSourcing was established in 2006 to meet the growing demand for offshore outsourced business solutions - including contact centre services, back-office processes and digital creative and development services - which are provided via an innovative range of service delivery models.

The acquisition comprised two tranches, with an initial investment of US\$7.75 million and a final investment of US\$24.1 million, based upon continued strong performance by MicroSourcing. The first US\$7.75 million was paid in cash in February 2014. The final consideration of US\$24.1 million is being paid via a combination of cash and Salmat shares. A total of US\$15.3 million cash and US\$1.7 million in shares is being paid today. The remaining amount of US\$7.1 million will be via deferred payments in either cash or shares, to be completed by August 2017.

As a result of this, Salmat has today announced a new issue of 4,820,205 shares, to be issued to the MicroSourcing vendors via an off-market transaction. This represents 3.0% of the total shares now on issue. These are issued as ordinary shares however are subject to a trading restriction and may not be sold or transferred for a period of 180 days.

Following the final acquisition, MicroSourcing will continue to operate under the MicroSourcing name and existing management. Philip Kooijman, the founding CEO, continues in his role as Chief Strategy Officer, supporting Sjoerd Krosse, who was formerly the company's Chief Operating Officer, and transitioned into the role of CEO in April.

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ABOUT SALMAT

We've been getting clients closer to customers since 1979

Salmat is a full-service marketing and communications company with a single aim – to get our clients closer to their customers.

With a talented team of people across four countries, our mission is to enable ROI-driven marketing services across local area marketing, digital and letterbox media. Combined with best-in-class business management services covering customer engagement and business processes – it's no wonder that there are billions of customer interactions managed by Salmat every single year.

In every discipline, Salmat delivers best-of-breed expertise and insight-driven solutions that empower our clients to acquire, retain and grow the value of their customers. Our specialists invest in keeping our clients ahead of the game, and they use innovative approaches to technology, proven processes and a creatively inquisitive approach to make this reality. This approach helps hundreds of clients save money on their bottom line, strengthen ROI and accelerate business growth.

Founded in 1979, Salmat has evolved from a small letterbox distribution company to an ASX-listed company that has developed deep relationships with some of Australia and New Zealand's most trusted brands.

By partnering with brands in the moments that matter most, Salmat gives businesses the power to engineer deeper relationships with their customers.

ABOUT MICROSOURCING INTERNATIONAL

MicroSourcing enables foreign companies to operate in the Philippines in an easy and effective way. The business specialises in a wide variety of disciplines and workflow processes and offers services

through a number of service delivery models, each targeted towards a specific market segment.

Service disciplines include:

Contact centre services: inbound and outbound call centre, customer support, telemarketing.

Back office and English services: data entry and data processing, HR and recruitment, finance and accounting, virtual assistance, medical encoding, copywriting and creative writing, proofing and editing, transcription, content moderation, game moderation and community moderation.

IT and Internet: web development, software development, mobile app and game development, search engine optimisation, search engine marketing, social media marketing, technical support.

Creative services: web design, graphic design, advertising design, print and prepress design, flash design and animation, 3D modelling, game design.

This range of services can be delivered via a number of different service delivery models, including project outsourcing, offshore staff leasing, virtual captives, joint ventures and build-operate-transfer

agreement. For more information on MicroSourcing go to www.microsourcing.com

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